The 3 percent scholarship allowance in Florida

- Tax credit scholarship programs around the nation are administered by nonprofit scholarship organizations approved by the states. In Florida, nonprofits administer both the Florida Tax Credit Scholarship, which serves 105,000 economically disadvantaged students this year, and the Gardiner Scholarship, which serves 10,500 students with special needs.
- Florida’s 3 percent administrative allowance for scholarship organizations is the lowest in the nation. Of the other 18 states, one provides 20 percent, 11 provide 10 percent, five are at 5 percent and one, South Carolina, is also at 3 percent. Within Florida, Early Learning Coalitions are allowed to keep 4 percent of pre-kindergarten vouchers for administrative purposes and school districts keep between 2 and 5 percent of charter school allocations for oversight duties.
- Florida scholarship nonprofits are also prohibited from taking any allowance from tax-credited contributions for the first three years of operation, a provision found in no other state. Step Up For Students went six years with no allowance and depended on private fundraising to help cover basic administrative expense for its first 11 years.
- Florida has the fewest participating scholarship organizations. Only two are currently approved and Step Up is serving 99 percent of the students. Georgia has 29 such organizations, Arizona has 78, and Pennsylvania has 171.
- The legal requirements and responsibilities for scholarship organizations in Florida are thorough and labor-intensive. They are governed by two statutes, sections 1002.395 and 1002.421, and a state rule, 6A-6.0960, that are a combined 13,428 words in length.
- The obligations under the income-based scholarship include: verifying the income and household size of every family every year (school district verify income of 3 percent of students on free or reduced-price lunch); verifying student attendance and issuing scholarship payments at least four times a year; reviewing annual financial reports for any school with at least $250,000 in scholarship payments; coordinating collection of standardized test results; raising contributions to fund the scholarships. It is important to note that this annual verification of income and household size can be very labor intensive for families making $25,400 per year (the average for Step Up families). There are often multiple relatives under the same roof, and there are often multiple sources of income.
- Step Up is serving about 115,000 students in both programs this year, an enrollment that would rank it the seventh largest district in the state. It expects to raise $640 million in tax-credited contributions.
- Step Up is projecting it will receive about $18.4 million in administrative allowance this year, total, for both programs.
- The size of the workload is driven by student enrollment. For the scholarship programs this year, Step Up has received 200,823 student applications. Its three-language contact center will handle an estimated 120,000 calls. It will distribute nearly a half-million scholarship checks and verify and reimburse more than 115,000 individual Gardiner expenses.
- The company’s Office of Student Learning, which works with private schools on learning strategies, has trained more than 5,000 teachers and school leaders and visited more 650 schools. It is currently working with 200 schools in an intensive program using the Measures of Academic Progress (MAP), which was developed by the Northwest Evaluation Association Partnership.
- Step Up’s technology team developed a customized online application platform for families and is tasked with the security of personal and financial data of hundreds of thousands of families.
- Step Up employs 210 fulltime employees that work primarily from offices in Jacksonville and St. Petersburg. Roughly two-thirds of these employees work directly in scholarship processing, and less than one in 14 is in fundraising. The highest paid employee is president Doug Tuthill, whose annual compensation is $263,061. The company’s founder and board chairman, John Kirtley, has never received any compensation for his work.
- Step Up also raises private funds to help achieve its mission. It has raised $20 million since 2001, including $3 million this year create an online portal, called MyScholarShop, that should make the Gardiner program easier for families to use and provide a parent rating system for schools and providers. In 2014, Step Up raised $800,000 to get the new Gardiner Scholarship up and running because the Legislature didn’t appropriate any administrative funding in the first year.
- Step Up has been awarded the top Four-Star rating by national watchdog Charity Navigator for six consecutive years. It scored a total of 98.23 this year, including a perfect 100 on “accountability and transparency.”